



LEGISLATIVE FISCAL OFFICE

Fiscal Note

Fiscal Note On: **HB 618** HLS 09RS 259
Bill Text Version: **ENROLLED**
Opp. Chamb. Action:

Proposed Amd.:
Sub. Bill For.:

Date: July 2, 2009	7:38 AM	Author: GREENE
Dept./Agy.: Revenue		
Subject: Reduces Corporate Franchise Tax		Analyst: Greg Albrecht

TAX/CORP FRANCHISE EN -\$373,000 GF RV See Note Page 1 of 1

Exempts the first \$300,000 of taxable capital from corporate franchise taxation and eliminates the minimum amount of the tax

Current law imposes a corporate franchise tax on taxable capital at the following rates: a \$10 annual minimum tax, \$1.50 per \$1,000 of the first \$300,000 of taxable capital, and \$3.00 per \$1,000 of taxable capital above \$300,000 of taxable capital.

Proposed law requires an initial \$10 tax but eliminates the annual \$10 minimum franchise tax.

Effective for all taxable period beginning on or after January 1, 2010.

EXPENDITURES	2009-10	2010-11	2011-12	2012-13	2013-14	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2009-10	2010-11	2011-12	2012-13	2013-14	5 -YEAR TOTAL
State Gen. Fd.	(\$373,000)	(\$373,000)	(\$373,000)	(\$373,000)	(\$373,000)	(\$1,865,000)
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	(\$373,000)	(\$373,000)	(\$373,000)	(\$373,000)	(\$373,000)	(\$1,865,000)

EXPENDITURE EXPLANATION

The Department of Revenue will incur costs associated with modifying the tax processing system, tax forms, and notifying taxpayers and handling inquiries. These costs can amount to several thousand dollars when a tax change is first implemented.

REVENUE EXPLANATION

The Department of Revenue’s latest franchise tax data (for franchise tax years ending 12/31/08) indicates that the \$10 minimum tax totaled \$373,000 paid by 37,341 taxpayers. This amount would be lost annually, with a small offset each year from new corporations filing their initial franchise tax return and paying the \$10 minimum tax that one time.

The franchise tax is paid at the beginning of its tax year. Thus, the first tax reduction would be reflected on returns filed in the spring of 2010 for the 2010 franchise tax year.

Senate	Dual Referral Rules	House	
<input type="checkbox"/> 13.5.1 >= \$500,000 Annual Fiscal Cost		<input type="checkbox"/> 6.8(F) >= \$500,000 Annual Fiscal Cost	<div>H. Gordon Monk</div> <div>H. Gordon Monk Legislative Fiscal Officer</div>
<input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change		<input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease	